



Minutes City Council Issue Review Session February 1, 2007

Minutes of the Tempe City Council Issue Review Session held on Thursday, February 1, 2007, 6:00 p.m., in the City Council Chambers, Tempe City Hall, 31 E. Fifth Street, Tempe, Arizona.

COUNCIL PRESENT:

Mayor Hugh Hallman
Vice Mayor Hut Hutson
Councilmember P. Ben Arredondo
Councilmember Barbara J. Carter
Councilmember Shana Ellis
Councilmember Mark W. Mitchell
Councilmember Onnie Shekerjian

Mayor Hallman called the meeting to order at 6:05 p.m.

Call to the Audience

Katherine Motl, Tempe, re: Affordable Housing Strategy Plan. She is a realtor in Tempe who also works with I-HELP. One of the big concerns she sees is that there is no affordable housing. Currently, there are three properties for sale in Tempe under \$144,500, excluding mobile homes. One solution might be to convert studio and one-bedroom apartment building for the homeless. A lot of that housing stock is available. There is also a need for housing the elderly. There is no City-provided housing for the elderly, and there is a huge demand.

Historical Museum Update

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenter: Community Services Manager Tom Canasi

Tom Canasi summarized that the City Council authorized \$3,551,000 as part of this year's and next year's capital improvement program to fund the renovation of the Tempe Historical Museum. Staff has been working with the Historical Museum Board and the Historical Society to begin the planning process, develop a vision and a program for the improvements. Some of the concepts are:

- Create a sense of entrance and presence for the museum.
- Redefine the internal space to better tell and preserve Tempe's rich and diverse story.
- Create new, updated exhibits and define flexible multi-use spaces that focus on rotating exhibits and community programming.

- Create a children's area to involve families and schools.
- Integrate technology to develop innovative interpretations of Tempe's history.

Mr. Canasi added that staff proposes to move forward with an RFQ in April and it is anticipated that a design firm will be selected in June.

Councilmember Arredondo added that the Neighborhood Quality of Life, Public Safety and Parks & Recreation Committee directed staff to provide this update to Council.

DISCUSSION ONLY – NO CONSENSUS

Homeless Outreach Program Effort (HOPE) Update

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenters: Community Development Manager Chris Salomone; Homeless Coordinator Theresa James; Housing Services Administrator Liz Chavez

Theresa James provided an update on the Homeless Outreach Program Effort (HOPE).

- HOPE is a unique program in Arizona and is the only homeless outreach program fully staffed and operated by city employees.
- Cathleen Phelan and Gregg Donnell were hired and HOPE began in October of 2006.
- The goal of the program is to travel throughout Tempe in an effort to reach out to the homeless, to engage them into needed services, and reduce the barriers to those services.
- HOPE works with the hardest to serve, those with serious mental illness and substance abuse disorders, those who have been on the streets for a long time, and those who don't trust the service delivery system.
- To date, 107 unduplicated individuals have been contacted. "Contact" is defined as spending enough time with someone to get meaningful information about who they are, why they are homeless, and what their needs are.
- To date, 291 referrals have been made to community resources, such as to the Section 8 housing program, medical detox, and veteran services, as well as assistance in getting valid forms of ID.
- Partnerships have been created with Tumbleweed, Salvation Army, TCA, and the shower program at the United Methodist Church. An example of a working partnership is the "Project Homeless Connect" event held on January 22nd. It was sponsored by the Methodist Church and for one day service providers, community members and entities came together to provide immediate services. They served 105 people that day with 40 volunteers.

Councilmember Arredondo stated that Council worked hard on the homeless problem, but staff came up with a better idea—a mobile unit to seek the homeless. Cathleen Phelan and Gregg Donnell are good outreach coordinators as well as great counselors. No matter whether we would have built one shelter or two shelters, it wouldn't have been the right shelters. This is the right way. He would like to have a comprehensive report at the end of the year. He asked how many homeless people might be in Tempe.

Ms. James responded it was difficult to have an accurate count. Every year, a homeless street count is done and over the years, it has averaged 157.

Councilmember Arredondo added that he had heard we are well over 75 percent when we talk about numbers of connections. That's an extraordinary number compared to other cities. He commended staff and encouraged continuation of this effort.

Mayor Hallman stated that there has been confusion that because Tempe doesn't have a building as a shelter, that we aren't addressing the homeless issues. We are part of regional cooperative programs, and given the relatively small size of Tempe and the number of homeless in Tempe, even with an accurate count, it pales in comparison to the Valley-wide numbers. Those who most strongly oppose Tempe building a shelter are the people operating the other regional resources because they recognize that Tempe's funds are critical to their operations that allow us to provide a wider array of services together. Given the shelters we partner with and help create, Tempe's locale is closer to most of those facilities than other surrounding cities with shelters in their own communities. Tempe is positioned such that these other shelters have been positioned around us. Our community is very well served by those resources. It is important for the community to understand the amount of resources Tempe puts toward the homeless issues we face compared to other communities of our size.

UPDATE ONLY – NO CONSENSUS

Affordable Housing Strategy Plan

INFORMATIONAL BACKGROUND available in City Clerk's Office

DISCUSSION – Presenters: Community Development Manager Chris Salmone; Housing Services Administrator Liz Chavez

Mayor Hallman noted that the plan did not get attached to the Council's packet, so he proposed that this item be placed on a future Issue Review Session.

CONSENSUS

Staff was directed to return to a future Issue Review Session to present the Affordable Housing Strategy.

Follow-up Responsibility: Chris Salomone

High Rise Public Safety Procedures/Strategy

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenter: Fire Chief Cliff Jones

Councilmember Arredondo stated that this comes from the Neighborhood Quality of Life, Public Safety and

Parks & Recreation Committee to inform Council and citizens that our fire prevention staff is addressing this issue.

Fire Chief Cliff Jones provided an update on high rise building fire safety. The buildings are being designed in a highly safe manner. He outlined:

- Built-in fire protection in high-rise buildings through the Building and Fire Code.
 - Full fire alarm systems
 - Automatic fire extinguishing (sprinkler) system, which is the primary mechanism defense. On the residential side, everything except single family is required to have a sprinkler system, with a “zero square foot sprinkler ordinance” for anything commercial or industrial.
 - Fire command center in the lobby
- Plans for a strong fire prevention program and public education for all of our high-rise buildings.
 - High-rise safety and training handouts distributed to all residents in every building.
 - Partnerships between the Fire Department and high-rise management.
 - Conduct annual high-rise managers’ academy to help prevent emergency incidents and provide instructions on what to do should an emergency occur.
 - Annual fire drills with high-rise building staff.
 - Annual fire inspections for the life of the building.
- Firefighting challenges and response requirements for fires in high-rise buildings.
 - High-rise firefighting procedures have existed in the Fire Department for many years. Currently updating the procedure.
 - Most high-rise firefighting is done through interior operations and access.
 - Tempe has an aerial sky lift ladder truck (114 foot) at Station #6. That is the tallest in Arizona.
 - New buildings contain latest in fire department useable elevators.
- Impact on medical service delivery capability.
 - Increased number of people impacts medical service delivery.
 - Patient access time is greater due to use of elevators to access multiple floors
 - Confident our high-rises will be as safe as possible and are being proactive in management of our programs to ensure that.
 - Evaluation of joint training opportunities to ensure the Police and Fire Departments are coordinated in policies and procedures.

Police Chief Tom Ryff agreed that the Police Department is also prepared. The department is planning ahead and has been working with Development Services so that systems are in place before the building is finished, including card key access, proper lighting, camera systems, self-maintained security plan and a security force of their own.

Mayor Hallman asked the City Attorney if our ordinance regarding false alarms applies to residential units in high-rise buildings as it does to single-family, single stories.

Andrew Ching responded that it would apply to the permit holder. Whether it would be one alarm system integrated for the entire building, or residents would have individual alarms set up, the same rules would apply.

UPDATE ONLY – NO CONSENSUS

Annual Updated Long Range Forecast

INFORMATIONAL BACKGROUND available in City Clerk's Office.

DISCUSSION – Presenter: Financial Services Manager Jerry Hart

Jerry Hart summarized that this is the key part of the annual budget process. This identifies the resources available, as well as the resource constraints to be considered as we move along through the budget process. He introduced the budget staff: Cecilia Robles, Tom Mikesell, and Mark Day. The financial planning process includes an annual update of this long range forecast for all of the city's major operating funds. This provides a financial outlook that will serve as a guide to future resource allocations decisions. This forecast was reviewed on Tuesday with the Finance, Economy and Veterans Affairs (FEVA) Committee.

Mr. Hart added that this forecast assumes the full funding of Retiree Health Care (OPEB) beginning in FY 2007/08. This was an issue brought to Council's attention last year during the budget process and is an issue that has been referred to the FEVA Committee for review. This forecast also assumes that there are no changes in the Retiree Health Care benefits. The City is required, beginning in FY 2007/08, to disclose OPEB in its financial statement, not to fund it. For purposes of the forecast, however, we are presuming funding to provide an idea of the significance of this issue. OPEB funding or not funding could have potential impacts to the City's bond rating which was recently upgraded to a AAA bond rating.

Mayor Hallman stated that in terms of the OPEB issue, the standards for accounting were changed beginning this year. Municipalities have to calculate and disclose what the cost of their post-employment benefits are for their employees as part of their financial statements. In our case in Arizona, municipalities' retirement benefits are paid out of a state retirement fund that employees and the municipalities pay into. Healthcare, however, is an obligation of the city. It is self-insured for the cost of healthcare for the retirees. That includes current employees who are not yet retired and people who haven't even started to work here yet. There are estimates of what that cost will be as well as the cost for the current employees who have retired. That total cost has been calculated and for the City of Tempe it is about \$300M. That's a very large number. The City has to be able to pay for the employment benefits it has agreed to provide its employees. We will be discussing how we are going to address this, and one of the issues every city faces is how that obligation will get funded or recorded in the financial statements. Tempe remains at the pinnacle of financial stability at this stage. We have created a sustainable, stable Tempe and this is the further demonstration of the leadership that this Council and staff show in this community.

Vice Mayor Hutson stated that he is Chair of the FEVA Committee, along with Councilmember Mitchell and the Committee has reviewed this. Staff has done an outstanding job. We need to study this document to get ready for the budget process. There will be tough decisions.

Mr. Hart added that what's not reflected is that in FY 2011/12, we will see the impact of the census which determines the state shared revenues.

Mayor Hallman explained that Tempe is not growing as fast as other cities and state share revenue is the pot of money that comes to the state and is divided up among the cities based on relative population. Since our population is shrinking in relation to everyone else, even if that pot of money grows, it is more than likely we will get less money because our relative population is shrinking so fast compared to the other cities. He further noted that the forecast model on the general fund on the Building & Trades/Plan & Zoning section, it shows a significant reduction in projected building permit fees. Is that realistic, given the significant amount of building and in light of some peoples' view that the housing market has slowed down, and did staff build into that model a commensurate reduction of Development Services staff? If building has fallen and permit fees have fallen, then one would assume we don't need as many code inspectors, etc.

Mr. Hart responded that last year Council approved a supplemental request for additional inspectors. That request was a non-recurring request and only funded for the current year. None of that funding for the years beyond FY 2006/07 has been assumed. Regarding the drop in the revenues, staff discussed this with Development Services staff to get their best indication when they felt this drop-off would occur and this represents that indication.

Mayor Hallman noted that the Golf Fund is worsening as far as its expense stream and the deficits, and for future discussion, he asked that Mark Richwine have the numbers in terms of how much is Rolling Hills and how much is Ken McDonald. His assumption was that Rolling Hills has dropped off substantially in play by Tempeans, and that Council needs to look at a long term solution to carry the cost of that operation. It would be helpful to note that in several of these funds, the noted deficits have a lot to do with the debt service associated with the funds. This is a cash flow format, rather than an annualized operating and expense format, because this has debt service built in that accelerates substantially.

Mr. Hart added the debt service reflected in this cash flow is interest only, not the principal.

Mayor Hallman continued with the Performing Arts Fund, where a deficit creeps in and then it goes back to positive. That's the ebbs and flows of the bonds and expenses associated with them. The Transit Fund is the same way. It's a lifecycle issue and we need to have the data available to examine. On the assumptions page, it says that it assumes continuation of employee step increases. He clarified that this takes into account the fact that we have the market model, so that is the steps within the model.

DISCUSSION ONLY – NO CONSENSUS

Formal Council Agenda Items

No agenda items were discussed.

Future Agenda Items

- Councilmember Arredondo asked a discussion be held at the next IRS concerning **merger opportunities for boards and commissions**. He also asked that a **review at a future IRS on**

how we name City facilities and parks.

- Councilmember Carter suggested including “best practices” used by some other municipalities in naming facilities. She also requested that **the report on the review of the boards and commissions ordinances be given at the next IRS** and requested that Council be given that report prior to the meeting.

Mayor’s Announcements/Manager’s Announcements

None.

Meeting adjourned at 6:55 p.m.

Connie Krosschell
Acting City Clerk